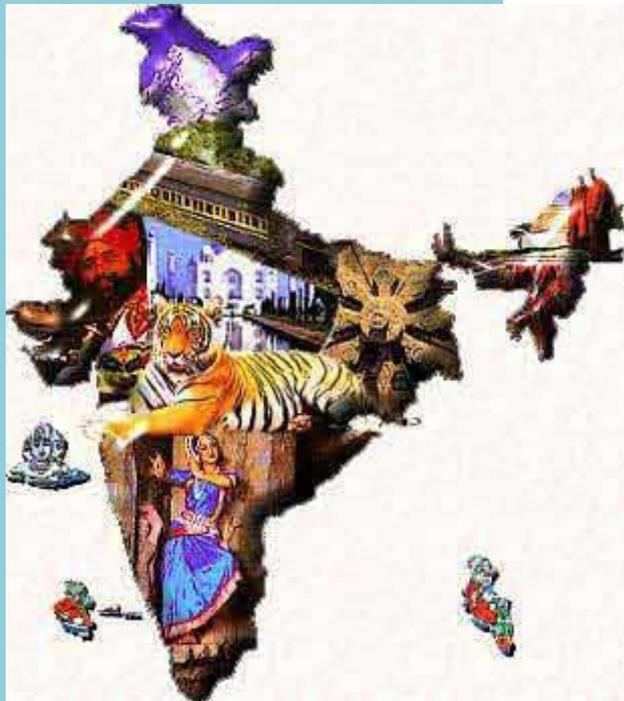


# RESOURCE WORLD

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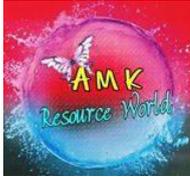
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# Five Year Plans

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## Five year Plans

The concept of economic planning in India is derived from the Russia (then USSR). India has launched 12 five year plans so far. First five year plan was launched in 1951. Now the present NDA government has stopped the formation of five year plans. So 12<sup>th</sup> five year plan would be called the last five year plan of India.

### **FISRT** five year plan (1951–1956)

- To reconstruct the economy that was damaged due to repercussion effect of partition of India and world war.<sup>2nd</sup>
- Construction of the roads, extending the transport and communication facilities and constructing the irrigation and water electricity projects were given priority which helps in proper growth and development of the country.
- Community development program was launched in 1952.
- It plans to constitute administrative and organizational set up necessary for enforcing the development programmes.
- To introduce the mechanism in the economy this helps in checking the Inflationary pressure.
- To enhance the capacity of production in the economy.
- To improve the food availability in the country.

Under the first year plan provision was made to spend a sum of Rs 2378 crore. But the actual expenditure amounted to Rs.1960 crore. In this plan agriculture was given highest priority.

Target growth rate was 2.1% in the plan period. But this plan was more than a success, achieve annual compound growth rate of 3.6% because of good harvest of last two years.

**SECOND five year plan (1956–1961)**

Model prepared by Professor P.C. Mahalanobis is being used in this plan. The fundamental objective of this plan was to initiate and accelerate the process of industrialization in a country.

- Hydroelectric power projects and five steel power plants were established in Durgapur, Rourkela and Bhilai
  - The actual growth rate achieved in this plan was 4.2% as compared to the target rate, which was 4.5%.
  - To increase the annual capital investment rate from 7% to 11% by 1960–61.
  - Expansion in employment opportunities.
  - During the plan period, per capita income growth rate was only 1.9% per annum but the growth rate of national income was 4.27% in the same period.
  - This plan was hindered by the rising inflation rate in the economy. The price level in the economy was become more than double as compared to the first plan.
  - The atomic energy commission in department of atomic energy was established on March 1<sup>st</sup> 1958.
  - The main stress was on the development of heavy industries which helps in the fast progress of industrialization in the country.
  - Hypothetical capital output ratio is being used which is 2:1 but in actuality in this plan period it was 3.40:1 on the basis of 1980–81 prices.

**THIRD Five Year Plan (1961–1966)**

To push up the economy to the take off stage of development and self-sustaining growth in the country is the basic objective of this plan.

- To attain more than 5% annual growth rate.
- National income should grow at 30%.
- Per capita income should grow at annual level of 17%.
- To restrict the import of foodgrains there is a need of attaining the self-sufficient position in foodgrain availability.
- A target of 6% annual growth rate for foodgrains and 14% annual growth rate target was fixed for industrial production.
- The actual achieved growth rate of national income was 2.5%, against the target of 5% per annum.

- The actual growth rate of per capita was only 0.2% per annum.
- This plan miserably fails due to war with china and Pakistan during this plan period.
- Drought was faced by India which also plays its role in the failure of plan.
- It also aims at expanding the basic good industries to follow up the industrialization process in the economy.
- It ensures the proper utilization of all resources which are available to the country.

### Three annual plans (plan holiday 1966–1969)

The fourth plan was scheduled to begin from April 1, 1966, but due failure of the third plan, production in various sector became stagnant.

- In 1966 the government of India declared devaluation of rupees but favorable results could not be obtained.
- During this period main focus is on the agricultural activities.
- The transition period of agriculture begins in 1966 when green revolution takes place in the country. High yielding varieties of seeds is being used in the production of rice, wheat, jowar, bajra, and maize to enhance their productivity level. For efficient use of this technique better irrigation facility, fertilizers, pesticides have being developed in the country.
- The growth target was not set for these three years but the actual growth rate was 3.9%
- In this plan economy tries to overcome from the failure faced by the country during third plan.
- After absorbing the shocks of third plan period it tries to make a way out for growth and development in the country.

### FOURTH Five Year Plan (1969–1974)

The two principal objectives of 4<sup>th</sup> plan were sustainable growth and self dependence. To achieve these two objectives certain targets were laid down –:

- To ensure growth rate of 5.7% for economic development of the country.
- In agriculture 5% and in industrial production 8% to 10% growth target is set.
- To develop backward areas and to remove the regional imbalances.
- Regulation and control over the money supply for the purpose of stabilizing the prices in the economy.
- Maintaining the buffer stock so that problem of food crises does not arises in the country.

- Family planning programmes was introduced during this plan period, for improving the living standard and to keep a check on population growth in the country.
- To create employment opportunities for reducing the involuntary unemployment.
- To establishes the economic equality.
- Production of commodities of general consumption has been increased.

During the fourth plan, the annual growth rate of national income (1993-94 prices) was only 3.8% lower than the target growth. The annual growth rate of industrial production was only 4% which was lower than the target growth rate. In 1971 India's war with Pakistan and liberation war in Bangladesh hampers the industrial development because the funds which are supposed to be used for industrial development are utilized on after war effort. Prices increased about 61%. Nationalisation of 14 banks and first under ground nuclear test was also performed during this period.

#### **FIFTH Five Year Plan (1974-1979)**

The fifth plan was structured by DD Dhar. The basic objectives of the plan were 'removal of poverty' (Garibi Hatao) and self-dependence

- National programmes for essential needs in which supply of drinkable water, education at primary level, provide medical help to rural households, and electrification of the villages and cleanliness of the suburbs were included.
- In this plan more emphasis is placed on the policy of import substitution and export promotion for the betterment of the people of the country.
- There should be optimum collection and distribution system to provide benefits to the weaker section of the country.
- Unnecessary consumption should be avoided.
- For reducing the regional and social inequalities various fiscal policies and institutional measures have been introduced by the government.
- Production of commodities of general use which plays important role in day to day life was emphasized.
- Many programs were introduced in the plan period on social welfare.
- The target growth rate was 4.4% but the actual growth rate achieved was 4.7%.
- When the janta government came into power, this plan was closed in 1978 one year before its closing period which is in 1979.

**Rolling Plan (1978 – 1980)**

After fifth plan ended before its time period there are two phases of sixth plan.

When janta government in power the plan for (1978-1983) were introduced but this plan lapses before its time period because the congress came into power and terminated the plan and a new plan was introduced in the country for the period of (1980-1985).

Rolling plan is plan by janta government for two years which is (1978-1980).

In 1979-1980 growth rate was -5.2 %( negative).

**SIXTH Five Year Plan (1980-1985)**

- The first phase of sixth plan was introduced by janta government but it was abandoned by the congress and a new Sixth plan was introduced for the period 1980-1985.
- Increase in national income, modernization of technology, rapid development of the domestic sources of energy and stress on the efficient use of the energy resources.
- Ensure continuous decrease in poverty and unemployment.
- Minimum need programme was introduced for the qualitative improvement in the living standard of the poor people of the country.
- Stress on minimization of regional disparities.
- To ensure the participation of all categories of people in development process by adopting institutional strategies.
- Family planning methods was adopted for population control.
- 5.2% was the growth target but the economy has achieved the growth rate of 5.7%.

**SEVENTH Five Year Plan (1985-1990)**

- This plan emphasis on self dependence on foodgrains production, increase in the rate of employment, with special focus on social justice.
- The major objectives was to establish a social system based on equality and justice, to encourage self reliance by export promotion and import substitution, energy protection and development of non traditional energy sources, ecological and environmental protection.
- The growth rate of 5.8% was achieved in the economy during the plan as compared to the target growth rate which was 5.0%.

**Annual Plan (1990-1992)**

- Due to political changes at the centre the government was not able to introduce the eighth plan on the scheduled time.
- Balance of payments account is worsening during this time.
- Inflation rate in 1991 was at high level specially prices of food items increases rapidly in this year.
- The government was under the danger of falling into the debt trap.
- The growth rate of 3.4% was achieved during this period.

**EIGHT Five Year Plan (1992-1997)**

- Human development in various aspects is the basic motto of eighth plan.
- Priorities were given in the plan to create sufficient employment opportunities, to impose restrictions on population explosion by seeking people's cooperation, to make provision for primary health care facilities and vaccination in all the villages to cover entire population, to strengthen the basic infrastructure (energy, transport, communication, irrigation,) in order to support the development process.
- The average annual growth rate in agricultural and allied activities has been estimated at 3.9% while the target was 3.5%.
- During the 8<sup>th</sup> plan the services like trading, hotels, transport and communication made a good progress.
- The inflation rate based in whole sale price index was come down to 3.8% which was 16.3% in 1991.
- The fiscal deficit during 1990-1991 was 8.3% of GDP but during the plan period it came down to 5.23%.
- The plan has achieved a growth rate of 5.8% but the target was set to the level of 5.6% in the economy.

**NINTH Five Year Plan (1997-2002)**

The main focus of the ninth plan was 'growth with equity and distributive justice'.

In order to achieve this objective following four fields were identified –:

- Quality of life – To ensure a better life to the poor people, measures for poverty elimination and providing minimum basic services were adopted which help in creating assets and integrate these people for the development of the country. Private investors are interested only in profits so they generally do not participate in basic

service sector. The state takes the responsibility of this sector to improve the quality of life of the people in the country.

- Employment promotion – It focused in creating job opportunities by developing technology in various sectors. To break the vicious circle of poverty national employment assurance scheme is introduced in this period.
- Regional imbalances – For removing regional imbalance, the speed of industrialization in the less developed area was given priority in the ninth plan.
- Self- dependence – In order to achieve self dependence the following areas are given priority–:

- To ascertain the balance of payment.
- To check the burden of foreign debt and also give measure to curtail them.
- Proper utilization and protection of natural resources.
- To attain self sufficiency in foodgrains and technology.
- To increase dependence on non- debt income for the purpose of development.

The economy was only able to achieve the growth rate of 5.5% as compared to the target which was set to 6.5%.

### **TENTH Five Year Plan (2002–2007)**

The main focus of the Tenth Five-Year Plan was:

- Universal access to primary education by 2007.
- 15% in poor blocks and 25% in normal blocks is the essential amount required to extend the funds of gram-sabha during 10<sup>th</sup> plan.
- Food for work programme in place of employment programmes.
- For improving the conditions of the poor people especially agricultural labor great stress is given to agricultural sector.
- Sectors like real estate, transport small scale industries, transport, IT-enabled services should grow at the accelerated rate during the 10<sup>th</sup> plan period to get high job opportunities in these sectors of the economy.
- Maternal mortality rate (MMR) should be reduced to twenty per thousand live births at the end of 2007 and to ten per thousand live births at the end of 2012.
- Infant mortality rate (IMR) should be reduced to forty five per thousand live births by 2007 and to twenty eight per thousand live births at the end of 2012.

- The target growth rate was 8.1% but the economy was able to achieve only 7.8%.

### **ELVENTH Five Year Plan (2007–2012)**

The basic components of this plan include broad based improvement in life of weaker /backward section of the society like SCs/STs, other backward classes (OBCs) etc.

Major objectives of 11<sup>th</sup> plan are as follows –:

- Manufacturing sector is targeted to grow at 12%
- Total fertility rate stand at 2.1 with the completion of the plan.
- Reduce anemia among women and girls by 50%with completion of the plan.
- It ensures the electricity connection to the rural people.
- Create 58 million new work opportunities.
- Ten percent decrease in the headcount ratio of poverty.
- 33% share in government schemes belongs to the female members of the country.
- Treatment of water waste by the end of 2011–2012.
- Efficiency of energy should be increased to 20% by 2016–2017.
- Educational unemployment should be below 5%.
- Increase of 20% in the real wage rate of those workers who are unskilled.
- Five percent increase in forest and tree cover.

The target growth rate was 8.1% but the economy in this period achieves a growth rate of 7.9%.

### **TWELFTH Five Year Plan (2012–2017)**

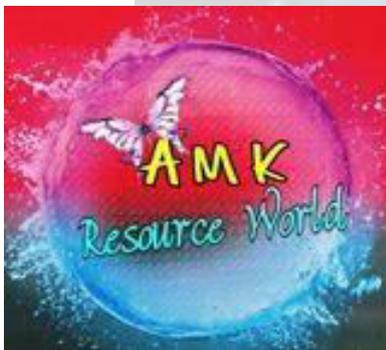
The basic components are to enhance the capacity for rapid growth in various sectors of the economy.

The main objectives of the plan –:

- Real GDP must grow at the rate of 8%.
- Agriculture sector must grow at the rate of 4%
- Manufacturing sector must grow at the rate of 7.1%.
- Industrial sector must grow at the rate of 7.6%.
- Service sector must grow at the rate of 9%.
- On an average the states of the country grows at a rate which is more than the rate of growth in 11<sup>th</sup> plan.

- Head count ratio of consumption poverty to be reduced by 10 percentage points over the preceding estimates by the end of twelfth five year plan.
- Employment opportunities around 50 million in sectors other than agricultural.
- On completion of 12<sup>th</sup> plan mean years of schooling should be seven years.
- Reduce infant mortality rate (IMR) to 25 per 1000 live births and maternal mortality rate to 1 per 1000 live births, and child sex ratio (0-6) to 950 by the end of twelfth five year plan.
- Reduce total fertility rate to 2.1 by the end of twelfth five year plan.
- Increase rural tele density to 70 percent with the completion of twelfth five year plan.
- Eastern and western freight corridors must be completed by the end twelfth five year plan.
- Technology and innovation is the key of higher productivity so the resources should be moved towards this direction.
- Funds should be allocated to provide adequate transport infrastructure to minimize the cost of transportation.
- Increase the banking services so that every household enjoy the facility of banking.
- Direct cash payment method came in place of subsidies so that it will help in keeping the track of government money.
- To over the food and nutritional insecurities steps taken for sustainable growth in agricultural sector.
- One million hectare increase in green cover.
- Various measures should be taken to improve the health indicators.

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